



Department of Justice

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(202) 514-2007
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FOUR KOREAN EXECUTIVES AGREE TO PLEAD GUILTY, SERVE JAIL TIME IN THE U.S., FOR PARTICIPATING IN DRAM PRICE-FIXING CONSPIRACY

Hynix Executives Admit Their Roles in Global Cartel

WASHINGTON, D.C. – Four Korean executives from a major manufacturer of a common computer component – dynamic random access memory (DRAM) – have agreed to plead guilty and to serve jail time in the United States for participating in a global conspiracy to fix DRAM prices, the Department of Justice announced.

Including today's charge, four companies and nine individuals have been charged and fines totaling more than \$731 million have resulted from the Department's DRAM investigation.

The executives participated in the conspiracy while they worked for Korean memory maker Hynix Semiconductor Inc. or its subsidiaries in the United States and Europe. The four pleading individuals and their agreed upon jail terms are as follows:

- D.S. Kim, Hynix's General Manager, Worldwide Sales & Marketing (8 months);
- C.K. Chung, Hynix's Director, Global Strategic Account Sales (7 months);
- K.C. Suh, Hynix's Senior Manager, Memory Product Marketing (6 months); and
- C.Y. Choi, General Manager, Marketing and Sales Support, for Hynix's German subsidiary (5 months).

"We strive to preserve the integrity of our free market economy," said Attorney General Alberto R. Gonzales. "Individuals who defraud American businesses and consumers by participating in international price-fixing conspiracies will be prosecuted and sent to prison no matter where they live or where they commit the crime."

Each executive also has agreed to pay a \$250,000 fine and to cooperate in the Antitrust Division's ongoing investigation of the DRAM industry. In agreeing to plead guilty, the executives have agreed not to contest the jurisdiction of the United States, so extradition will not be required. The pleas and sentences are subject to the approval of the U.S. District Court in San Francisco.

"Prison time for price fixers is the most potent deterrent to illegal cartel activity," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division. "These guilty pleas demonstrate our commitment to ensuring that participants in cartels serve time in prison."

DRAM is the most commonly used semiconductor memory product, providing high-speed storage and retrieval of electronic information for a wide variety of computer, telecommunication, and consumer electronic products. DRAM is used in personal computers, laptops, workstations, servers, printers, hard disk drives, personal digital assistants (PDA's), modems, mobile phones, telecommunication hubs and routers, digital cameras, video recorders and TVs, digital set top boxes, game consoles, and digital music players. There were approximately \$7.7 billion in DRAM sales in the United States in 2004.

According to the one-count felony charges filed today in federal court in San Francisco, at various times during the period from April 1, 1999 to June 15, 2002, these four Hynix employees conspired with unnamed employees from other memory makers to fix the prices of DRAM sold to certain computer and server manufacturers in the United States, in violation of the Sherman Act. The conspiracy directly affected sales to U.S. computer makers Dell Inc., Hewlett-Packard Company, Compaq Computer Corporation, International Business Machines Corporation, Apple Computer Inc., and Gateway Inc.

The executives are charged with carrying out the price-fixing conspiracy by:

- Participating in meetings, conversations, and communications with competitors to discuss the prices of DRAM to be sold to certain customers;
- Agreeing with their competitors to charge prices of DRAM at certain levels to be sold to certain customers;
- Issuing price quotations in accordance with the agreements reached; and
- Exchanging information on sales of DRAM to certain customers, for the purpose of monitoring and enforcing adherence to the agreed-upon prices.

The Hynix executives are the second wave of individuals to agree to prison sentences in the DRAM investigation. In December 2004, four Infineon executives, T. Rudd Corwin, Peter Schaefer, Gunter Hefner, and Heinrich Florian, pleaded guilty to the DRAM price-fixing conspiracy. The Infineon employees served jail terms ranging from four to six months and each paid a \$250,000 fine.

Also, in December 2003 the Department charged Alfred Censullo, a Regional Sales Manager for Micron Technology, Inc., with obstruction of justice. Censullo pleaded guilty and admitted to having withheld and altered documents responsive to a grand jury subpoena served on Micron. Censullo was sentenced to serve six months of home detention.

In total, four companies have been charged with price-fixing in the DRAM investigation. Samsung, the world's largest DRAM manufacturer, pleaded guilty to the price-fixing conspiracy and was sentenced to pay a \$300 million criminal fine in November 2005. Hynix, the world's second-largest DRAM manufacturer, pleaded guilty and was sentenced to pay a \$185 million criminal fine in May 2005. In January 2006, Japanese manufacturer Elpida Memory agreed to plead guilty and pay an \$84 million fine. In October 2004, German manufacturer Infineon pleaded guilty and was sentenced to pay a \$160 million criminal fine.

Today's charge is the result of an ongoing investigation being conducted by the Antitrust Division's San Francisco Office and the Federal Bureau of Investigation in San Francisco.

Anyone with information concerning price fixing in the DRAM industry should contact the San Francisco Office of the Antitrust Division at (415) 436-6660 or the San Francisco Division of the FBI at (415) 553-7400. Case filings can be viewed on the Antitrust Division's website, <http://www.usdoj.gov/atr/>.

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